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FULLY INTEGRATED COMPANY IN MANUFACTURING

- Advanced Microcomputer Systems
 - Semiconductor Components
 - Consumer Electronics Products
 - Office Equipment
-

MANUFACTURING FACILITIES

BRAUNSCHWEIG, WEST GERMANY
NEW TERRITORIES, HONG KONG
WEST CHESTER, PENNSYLVANIA
NORRISTOWN, PENNSYLVANIA
SANTA CLARA, CALIFORNIA
COSTA MESA, CALIFORNIA
SCARBOROUGH, CANADA
CORBY, ENGLAND

SUBSIDIARIES & BRANCHES

TOKYO, JAPAN
OSLO, NORWAY
MILANO, ITALY
VIENNA, AUSTRIA
ONTARIO, CANADA
NASSAU, BAHAMAS
HORSENS, DENMARK
BASEL, SWITZERLAND
CORBY, UNITED KINGDOM
WELDON, UNITED KINGDOM
COSTA MESA, CALIFORNIA
FRANKFURT, WEST GERMANY
NORRISTOWN, PENNSYLVANIA
TAIWAN, REPUBLIC OF CHINA
NEW TERRITORIES, HONG KONG
BRAUNSCHWEIG, WEST GERMANY
AMSTERDAM, THE NETHERLANDS
WEST CHESTER, PENNSYLVANIA
ST. STEVENS-WOLUWE, BELGIUM
NEW SOUTH WALES, AUSTRALIA
CURACAO, NETHERLANDS ANTILLES

COMMODORE HISTORY

- 1958 Commodore portable typewriter company is established in Toronto Canada.
 - 1960 Incorporation of Commodore Business Machines, Inc.
 - 1962 Commodore becomes a public company.
 - 1966 Parent company Commodore Electronics is incorporated.
 - 1967 Commodore introduces AL 1000 electronic calculator (\$1,495).
 - 1968 Commodore opens office in "Silicon Valley."
 - 1971 Commodore introduces new C108 calculator at breakthrough price of \$199.95.
 - 1974 Commodore shifts marketing emphasis to Europe.
 - 1975 Commodore begins its own R&D and manufacture of LCD's in Hong Kong.
 - 1976 Commodore acquires MOS Technology and thus the 6502 microprocessor.
Commodore markets first single board microcomputer, the Kim-1.
 - 1977 First Commodore PET microcomputers marketed containing 8K RAM for under \$1,000.
 - 1980 Commodore introduces Commodore 8000 business series computer with 32K RAM.
Commodore enters mass market with VIC 20 first color home computer for under \$300.00.
 - 1982 Commodore 64 is introduced as first 64K computer for under \$600.00.
Commodore sells one millionth VIC computer, largest installed base ever.
 - 1984 Commodore introduces Plus/4 computer first product with 4 built-in software programs.
Commodore introduces C16 computer for under \$100.00.
-

COMMODORE: PAST, PRESENT, AND FUTURE

Commodore International Limited, Inc., is a fully integrated manufacturer of advanced microcomputer systems, semiconductor components, consumer electronic products, and office equipment. Manufacturing facilities are located in North America, Europe and the Far East. Marketing is worldwide. Research is devoted primarily to the development of new products using solid state integrated circuitry, computer technology and consumer electronics.

Commodore was founded in Toronto, Canada in 1958 as a typewriter dealer. In the ensuing years the company began marketing and producing mechanical adding machines and became a public company in 1962.

In 1967, Commodore was named exclusive marketer of Casio electronic calculators and also introduced its own electronic calculator, the AL 1000 (price \$1,495). These products replaced the mechanical adding machine line and provided the base from which Commodore expanded into smaller mass-marketed calculators. In 1971, the C108 calculator was introduced with a price of \$199.95. This was followed by the world's first battery-powered hand calculator (produced for Commodore by Bowmar).

In 1974, increasing competition in the U.S. caused Commodore to shift its marketing emphasis to Europe where it had retained its distribution system from its adding machine days. Within two years it achieved the largest share of the calculator markets in the United Kingdom, Germany, France and Scandinavia. By 1975, the company was designing and producing its own products.

In 1976, the company decided to integrate backward and acquired MOS Technology. With MOS, Commodore acquired the 6502 microprocessor. This acquisition was followed by Optical Diodes, Inc. and Frontier Manufacturing Co. (makers of CMOS LSI devices and liquid crystal displays).

In 1977 a prototype of a stand alone personal computer, called the PET, was introduced by Commodore. Employing a proprietary 6502 microprocessor, it was well received. Commodore continued to concentrate its marketing efforts in Europe where it maintains a dominant market position. Although the PET was sold in the United States, Commodore did not concentrate on the U.S. market until late 1980 when it introduced the VIC 20. Commodore also decided to market these machines through mass merchandisers, pricing them only slightly higher than video machines. In 1982, Commodore introduced the Commodore 64, new business systems and a broad line of peripheral devices and software. The success of this strategy is clearly evident.

In January 1984, Commodore entered a new phase in its corporate existence. Jack Tramiel resigned as President to pursue other interests and a new professional management team has been assembled. In addition, the company introduced new home computers based on proprietary semiconductors. The Plus/4 computer features 64K RAM and boasts four built-in software programs. For the fiscal year ending June 30, 1984, Commodore reported net sales in excess of 1.2 billion dollars.

Commodore dominates the worldwide in-home/educational market. It is the industry pioneer and a technological leader. It has sold more microcomputers worldwide than any other company. The installed base of Commodore computers is in excess of four million units.

What is the future of this dynamic company? The following pages provide a clear indication of where Commodore is headed. With its broad product line and new introductions combined with its ability to lead the industry with lower priced, feature rich products, Commodore will continue its dominant position in the microcomputer market.

COMMODORE MANAGEMENT

Irving Gould — *Chairman of the Board (CIL)*

Mr. Gould has been Chairman of Commodore since 1966. He is also a director of Interpool Ltd., a container leasing company and Chairman of Superpack Ltd., a packaging and distribution company.

Marshall Smith — *President and Chief Executive Officer (CIL)*

Mr. Smith was formerly President of the U.S. division of Thyssen-Bornemizza, N.V., a multinational conglomerate.

John Kelly — *Vice President, Finance (CIL)*

Prior to joining Commodore in 1983, Mr. Kelly served as vice president and general manager of Russel, Burdsall and Ward's Distribution Division. He has also held senior financial management positions with Massey Ferguson Inc., the Bank of Montreal and Northern Telecom Ltd. in Canada.

Joseph Benedetti — *Vice President, General Counsel and Secretary (CIL)*

Before joining Commodore in 1984, Mr. Benedetti was Vice President, General Counsel, and Secretary at Prudential Lines, Inc. and earlier was General Counsel and Secretary with Causbrook Industries, Inc.

Adam Chowaniec — *Vice President of Technology (CIL)*

Prior to joining Commodore in 1982, Mr. Chowaniec was responsible for LSI Microcircuits development at Northern Telecom Ltd. He has authored and co-authored over 25 technical papers and has won numerous industry awards, grants and scholarships.

Clive Smith — *Vice President, Corporate Planning and Development (CIL)*

Prior to joining Commodore in 1984, Mr. Smith was Research Director of the Yankee Group, a leading market research and consulting firm specializing in telecommunications and microcomputers.

Frank Leonardi — *Vice President, Marketing*

Mr. Leonardi was director of Retail Sales at Apple Computer, Inc., prior to joining Commodore in 1984. He has also been Vice President of Sales and Marketing at U.S. Pioneer and Sony Corporation of America.

Jon Winters — *Vice President, Sales*

Before joining Commodore in 1984, Mr. Winters was National Sales Manager of AT&T Consumer Products Division. He has also held a number of executive positions at Sharp Electronics.

William Rothenbach — *Vice President, Administration*

Mr. Rothenbach was most recently Controller of American Appliance prior to joining Commodore in 1983. He has also held the positions of Vice President of Operations at the Service Company and Director, Parts Supply and Distribution for the Philco, Ford Corporation.

FUTURE PLANS

- Telecommunications
 - Graphics Industry
 - Technology Innovations
 - High Performance—Low Cost Products
- 
-

COMMODORE SALES 1977-1984

Millions

\$1400

\$1050

\$700

\$350

\$0

46

77

50

78

71

79

125

80

186

81

304

82

681

83

1,267

84

SALES YEAR

CBM

PRODUCTS

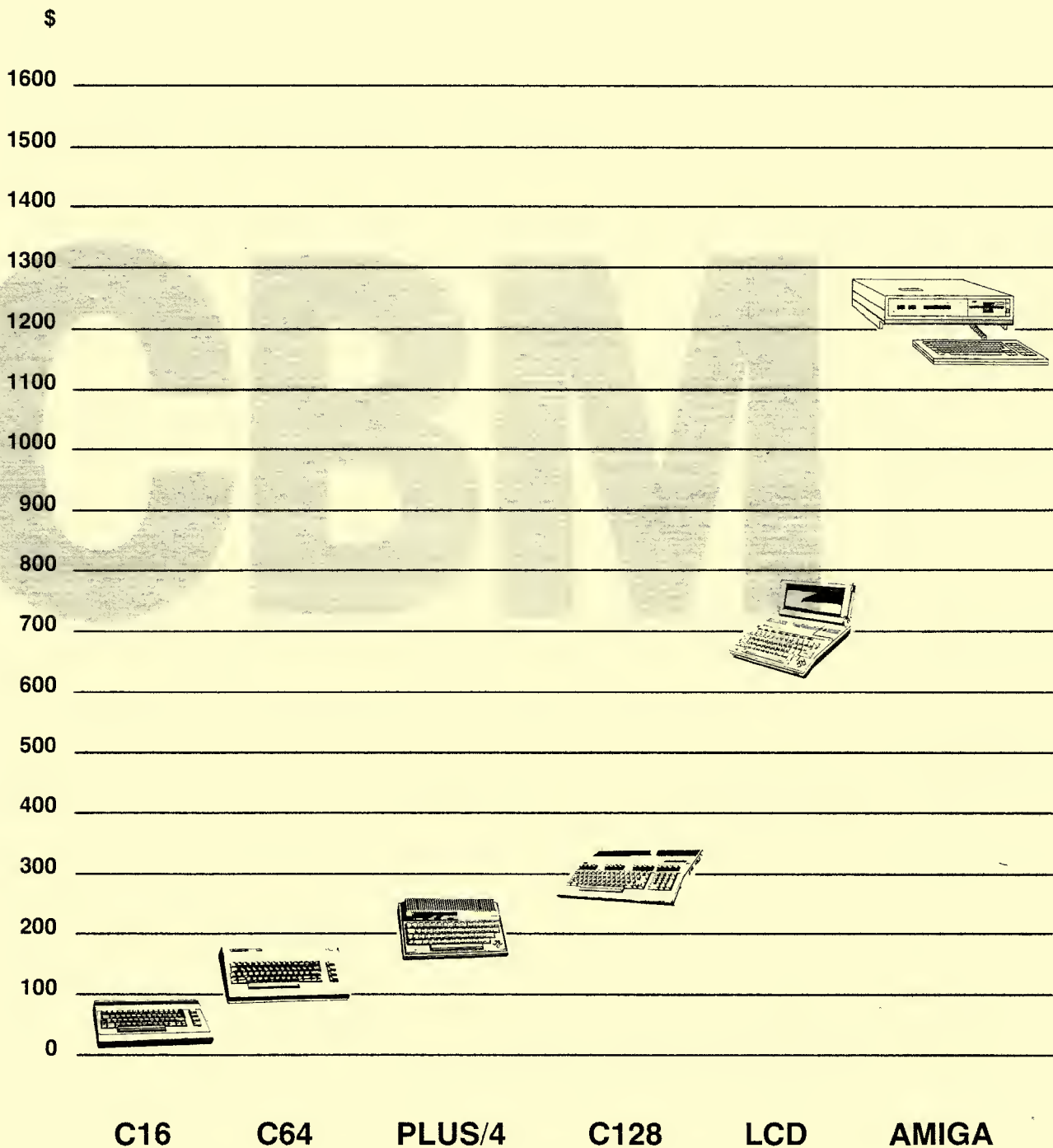
Commodore supports a broad line of computers. The positioning of these products as a part of the overall marketing strategy is shown below:

CURRENT PRODUCTS	PRODUCT	DESCRIPTION	SUGGESTED RETAIL	STREET PRICE
	Commodore 16	16K, 40 column, 16 colors	\$ 99.00	\$ 79.00
	Commodore 64	64K (38K avail.) 40 column, 16 colors, sprite graphics, music synthesizer	\$ 199.00	\$ 159.00
	Plus/4	64K (60K avail.), 40 column, color graphics, extended BASIC, 4 built-in software programs	\$ 249.00	\$ 199.00
NEW PRODUCTS	PRODUCT	DESCRIPTION	SUGGESTED RETAIL	STREET PRICE
	Commodore 128	128K, expandable to 512K, 40/80 column, numeric keypad, C64 compatible, CP/M compatible	\$ 299.00	\$ 269.00*
	Commodore LCD	32K, 80 x 16 liquid crystal display built-in, AC-DC, portable, 8 built-in s/w programs, built-in modem	\$ 749.00	\$ 699.00*
	Amiga	256K, 80 column, numeric keypad, built-in disk drive and RGBI monitor, serial and parallel I/O, composite video/RGBI, mouse included, built-in s/w voice and music synthesis, stereo module, graphics	CPU \$1,295.00 Monitor \$ 595.00 \$1,890.00	— — —

All of the above products are compatible with serial peripherals.

*Estimated

COMMODORE CPU PRICE POSITIONING



AMIGA FEATURES

- Motorola 68000 — 32-bit Main Processor
 - 256K bytes of RAM
 - 128K bytes of ROM
 - User expandable to 512K bytes of RAM
 - Detached Keyboard with Cursor Keys and Numeric Key Pad
 - Built-in 3½" Floppy Disk Drive (880K)
 - RGB Port for Color Monitor
 - "Mouse" Controller Included
 - Serial Port — RS232
 - Centronics™ Compatible Parallel Printer Port
 - Reconfigurable Joystick Ports
 - Stereo Audio Jacks
 - Expansion Bus — Expandable to 8 Megabytes of RAM
 - Custom Animation Chip
 - Cartoon-Like Graphics
 - Custom Graphics VLSI Chip
 - Maximum Resolution 640 x 400
 - Maximum Colors 4096
 - High Quality Business Graphics
 - 4 Channel Audio
 - High Performance User Interface-Windowing Capability
 - Multi-Tasking Capability
 - Bundled Software
 - Five Computer Languages Available
-

AMIGA PERIPHERALS AND ACCESSORIES

- Mouse
 - Disk Drive 3½" DS/DD
 - Disk Drive 5¼" DS/DD
 - RAM Expansion
 - Color Printer
 - RGB Monitor
 - Modem — 1200 Baud — Smart
 - Genlock Interface
 - Framegrabber
 - Music Keyboard
 - MIDI (Musical Instrument Digital Interface)
-

HIGH QUALITY PERIPHERALS AND ACCESSORIES FOR THE AMIGA

- **Mouse**

Standard with each Amiga System is a mouse providing an efficient and user friendly alternative to keyboard input.

- **Disk Drive 3½" DS/DD**

External 3½" disk drive may be configured to the system providing second drive capability.

- **Disk Drive 5¼" DS/DD**

This device designed to read/write standard 5¼" formats.

- **RAM Expansion**

A memory cartridge may easily be plugged into the Amiga system yielding a total of 256K or 512K.

- **Color Printer**

A color printer designed to reproduce full color graphics generated by the Amiga's advanced graphics capabilities.

- **RGB Monitor**

A high resolution color monitor designed specifically for the Amiga will also provide a RGBI and composite hookup for greater versatility. This product will also contain a speaker and volume control for audio output.

- **Modem (1200 Baud)**

This 1200 baud modem may be configured to the Amiga externally. It is a fully automatic modem that utilizes industry standard protocol.

- **Genlock Interface**

An interface to allow the computer to synchronize to external video sources such as VCR's and laser disk for increased graphic capabilities. This device is standard equipment.

- **Framegrabber**

A device allowing a standard video camera to interface with the Amiga in digitally reproducing pictures.

- **Music Keyboard**

This is a professional style keyboard designed to take advantage of the sophisticated sound capabilities of the Amiga System. This peripheral will be supported by a number of different software packages for greater application versatility.

- **MIDI**

An anachronism for (Musical Instrument Digital Interface), allows the Amiga to communicate to a variety of musical instruments supporting a MIDI input.

- **Printers**

Amiga can support standard dot matrix, letter quality, b/w and color printers.

AMIGA QUALITY CONTROL

- Designed-in maximum integration of circuitry results in simple printed-circuit board design
 - Top quality components specified
 - 100% inspection of incoming components
 - Test/Burn-in of final assembly
 - 100% diagnostic testing
 - 100% functionality testing
-

AMIGA SOFTWARE

- Business
 - Productivity
 - Education
 - Languages
 - Simulation
 - Music & Speech Synthesis
 - Color Graphics
-

BUSINESS SOFTWARE

- Word Processing
 - Spread Sheet
 - General Ledger
 - Accounts Receivable
 - Accounts Payable
 - Business Graphics
 - Organizer
 - Financial System
 - Database
 - CAD System
 - Sales System
-

PRODUCTIVITY SOFTWARE

- ICON Word Processing
 - Slide Presentation Program
 - Professional Illustration Program
 - Financial Package
 - Design & Print Package
 - Home Painting
-

EDUCATION SOFTWARE

- CPU Tutorial
 - Electronic Novels
 - Astronomy Program
 - Basic Engineering
 - Advanced Engineering
 - Computer Literacy
 - Speed Reading
 - History Programs
 - Geography Programs
 - Advanced Science Programs
 - Advanced Mathematics Programs
 - Writing Technique Programs
 - Music Creation Programs
-

LANGUAGE SOFTWARE

- Micro-soft BASIC
- Macro Assembler
- LOGO
- PASCAL
- C Compiler

CBM

SIMULATION SOFTWARE

- Flight Programs
 - Driving Program
 - Robotics Program
 - Strategy Programs
 - Adventure Programs
 - Design Programs
 - Sports Programs
-

MUSIC & SPEECH SOFTWARE

- Music Composing Package
 - Instrument Teaching Programs
 - Music Charting Program
 - Speech Synthesis
 - Speech Recognition
 - Text to Speech Programs
 - Speech Evaluation Programs
-

COLOR GRAPHICS SOFTWARE

- Adventure Programs
 - Astronomy Program
 - Business Graphics
 - CAD System
 - Design Programs
 - Driving Program
 - Engineering
 - Flight Programs
 - Geography
 - Home Painting
 - ICON Word Processing
 - Logo
 - Music Charting
 - Professional Illustration Program
 - Robotics Program
 - Slide Presentation
 - Sports Programs
 - Strategy Programs
-

SOFTWARE DEVELOPMENT TARGETED COMPANIES

- Activision
- Arktronics
- Ashton Tate
- Beck Tech
- Borland
- Broderbund
- CBS
- Chang Labs
- Cherry Lane
- Commauid
- Design Labs
- Digital Learning
- Don't Ask
- Electronic Arts
- EPYX
- Everyware
- Forefront
- Gamestar
- Harper & Row
- Hayden
- Human Edge
- Infocom
- Island Graphics
- Lattice
- Learning Company
- LISP
- Lotus
- McToy
- Mindscape
- Micropro
- Microprose
- Microsoft
- Simon & Schuster
- Software 66
- The Software Group
- Spinnaker
- Strategic Simulations
- Sublogic
- Synapse
- Telos
- Tenchstar
- Thorn EMI

Software to be marketed by Commodore and third party vendors.

ENABLE IN THE REVIEWS

"Enable is everything Symphony hoped to be."

"Offering true integration among all of its applications modules, Enable is a powerful production tool that can serve everyone in the office from data entry personnel to the vice president of marketing. Each module can stand alone as a full powered application in its own right."

PC Magazine
February 19, 1985

"Enable may legitimately claim to be the only package you'll ever need."

Computer Buyer's Guide and Handbook

"Enable first in "Performance" rating — including speed and capacity of all modules tested. Enable first in "Versatility" rating — including power and functionality of all modules tested. Enable rated first in overall evaluation of the word processor module."

Software Digest Ratings Newsletter
December 1984

"Quite simply, this package has so many outstanding attributes that even the worst skeptics of integrated software have to be impressed. The spreadsheet is very close to 1-2-3; the word processor combines the best thinking of WordStar, MultiMate, Volkswriter and EasyWriter; the data base offers the functionality of dBASE II, but with many of the ease-of-use features of PowerBase; and the program offers business graphics and telecommunications. Taken as a whole, Enable surpasses the functionality of Symphony, Framework, Aura and Open Access."

IBM PC Update
December 1984

"Enable, a five function integrated system from The Software Group, merits a close look by any individual or organization interested in a solid package that is well balanced in all of its applications."

Popular Computing

March, 1985

Paul Golder, Raymond Hood
Yoram Lirtzman, Michael Wilding

"Enable welds its five applications together with outstanding integrity — yet each is exceptionally full-functioned in its own right."

Business Computer Systems
January, 1985

"Enable is one of those programs that can be up and running with most of the features you need in a few hours. As you need more, you can get deeper into the program and learn at your own pace."

InfoWorld
January 21, 1985

"A birdlike appetite for RAM keeps this virtual memory system sprightly, even in stock DOS machines."

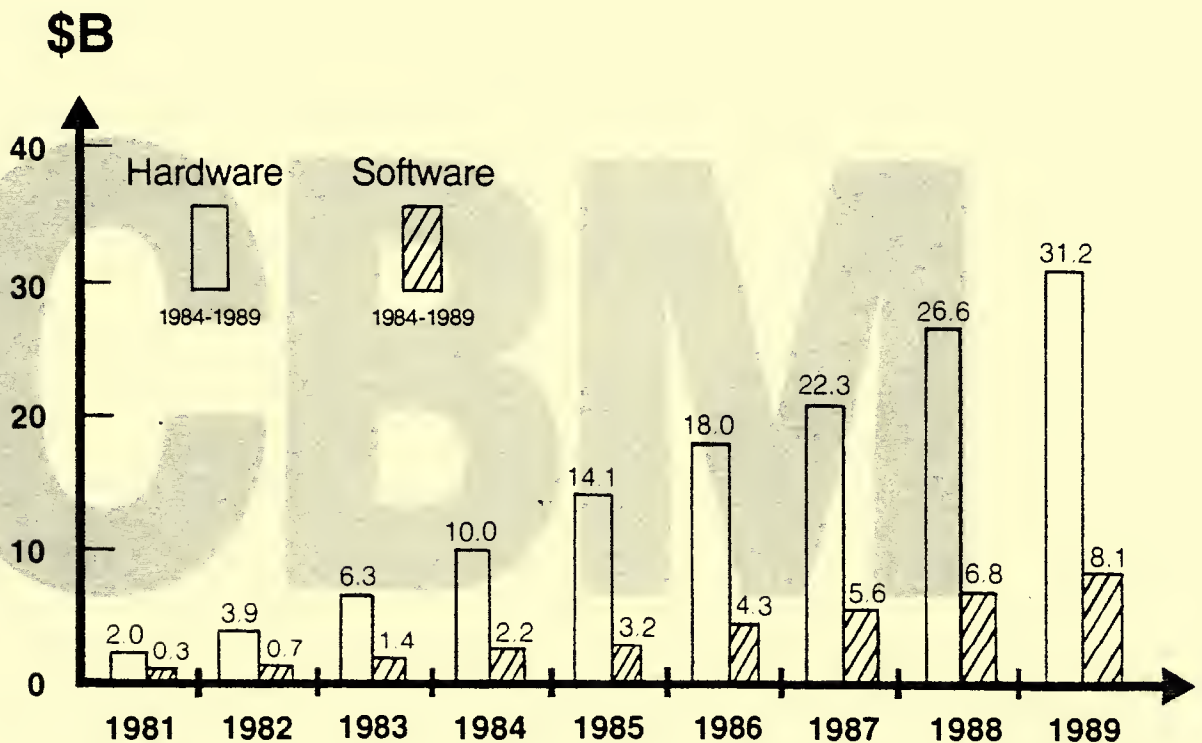
Inc.
February, 1985

COMPETITIVE ANALYSIS AND PRODUCT POSITIONING

- Analysis of the Computer Marketplace
 - Target Market
 - Competitive Analysis
 - Products
 - Pricing
 - Profit Margins
 - Programs
-

OFFICE PERSONAL COMPUTER HARDWARE AND SOFTWARE MARKET

(U.S. End-User Value)



Source: Future Computing.

TARGET MARKET AMIGA

- Small Business
 - Executive/Professional
 - Education Institutions
 - Graphics Oriented Users
 - High-end Home
-

PERSONAL COMPUTER PRODUCT POSITIONING

PRICE	<ul style="list-style-type: none"> • Apple Lisa • IBM AT 	OFFICE ONLY	<ul style="list-style-type: none"> • Apple Lisa • IBM AT
	<ul style="list-style-type: none"> • IBM PC • TI Professional • Apple Macintosh 	OFFICE/HOME	<ul style="list-style-type: none"> • IBM XT • IBM PC • Apple Macintosh • Amiga
	<ul style="list-style-type: none"> • TRS-80/4 • Apple IIe • Tandy 1000 • Apple IIc • IBM PCjr 	HOME/OFFICE	<ul style="list-style-type: none"> • TRS-80/4 • Apple IIe • Tandy 1000 • Apple IIc • IBM PCjr • Commodore 128
	<ul style="list-style-type: none"> • Commodore 64 • Atari 800XL • Coleco Adam 	HOME ONLY	<ul style="list-style-type: none"> • Commodore 64 • Atari 800XL

YEAR END 1984*

*SOURCE-FUTURE COMPUTING

ANTICIPATED 1985**

**CBM RESEARCH

LAUNCH CAMPAIGN

- Advertising
- Direct Mail
- In Store Merchandising
- Shows
- Support

CBM

ADVERTISING

- Print Ads
 - Radio Spots
 - Television Spots
 - Preplanned Ad Slicks
 - Amiga World Magazine
-

DIRECT MAIL

- Users Groups
- Education
- Professionals

CBM

IN STORE MERCHANDISING

- POP Displays, Cards, Posters
 - Product Comparison Charts
 - Market Value Information—Education, Small Business, Home/Family
 - Sales Demos
-

SHOWS

- National
- Regional
- Dealer

CBM

SUPPORT

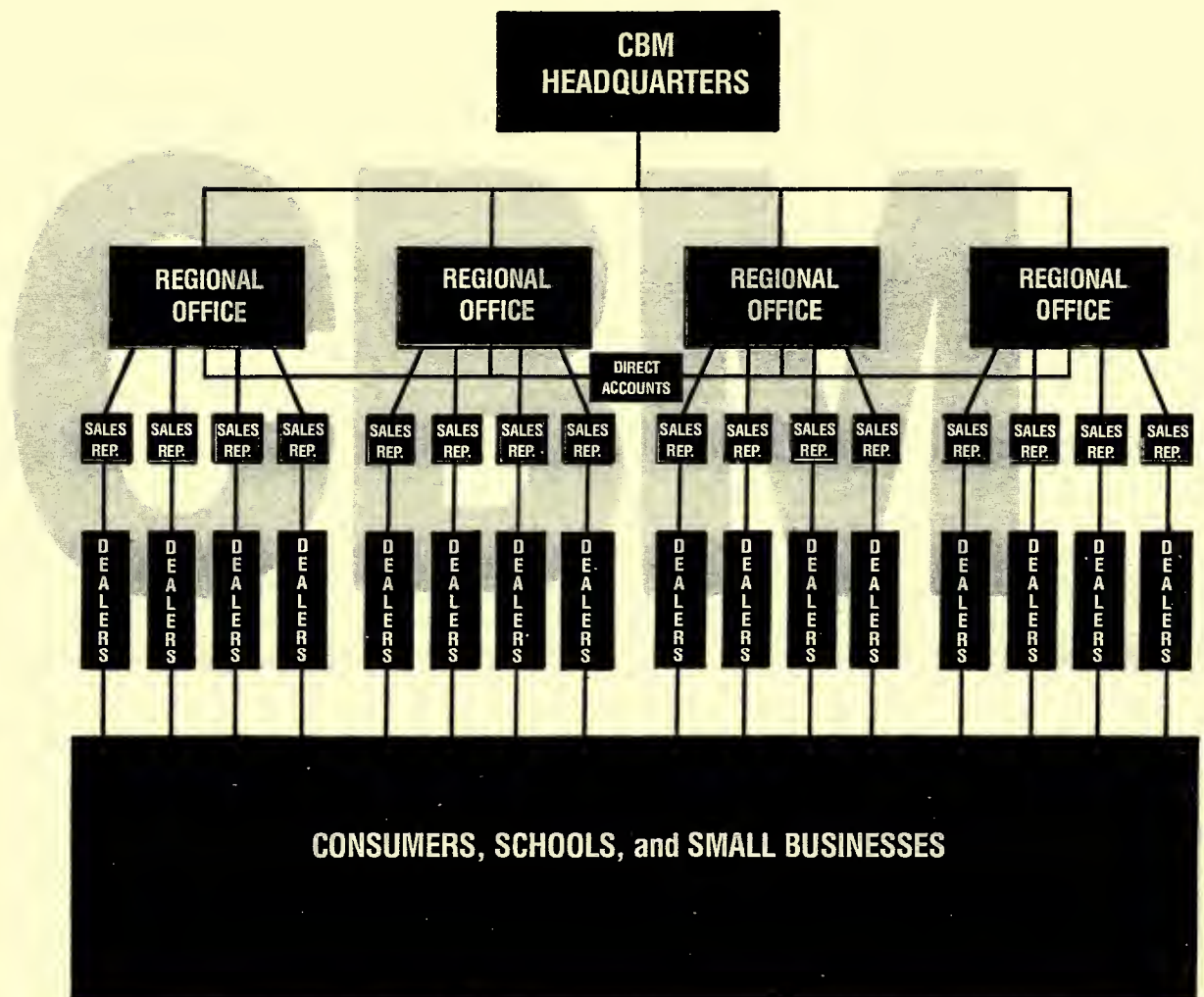
- Commodore Operated 800 Toll Free Lines
 - 1-800-247-9000
- On-Line Database Service
 - Commodore Information Network (CIN)
Listed in the CompuServe Network

FIELD SALES NETWORK

- Regional Offices
- Sales Representatives
- Dealers

CBM

FIELD SALES NETWORK AMIGA PRODUCTS



TARGETED COMPUTER SPECIALTY CHAINS

- Sears Business Systems Centers
 - Entre Computer Centers
 - MicroAge Computer Stores, Inc.
 - Computerland
 - Inacomp Computer Centers
 - Computer Factory
 - Macy's
 - Computer Depot
 - ValCom
 - Programs Unlimited
 - General Micro
-

SUPPORT PROGRAM

- Sales and Marketing
 - Training
 - Technical
 - Management Assistance
 - Merchandising
 - Service
-

SALES AND MARKETING SUPPORT

- Product Introductions
 - Assistance in Shows and Seminars
 - Sales Incentives
 - Vertical Market Development
 - Product Demonstration Training
 - Competitive Strategies
 - Prospecting Programs
-

TRAINING

- Product Training
 - Sales Training
 - New Salespeople Training
 - Customer Training
 - “Train The Trainer” Programs
 - Service and Repair Training
-

TECHNICAL SUPPORT

- “HOT LINE”
 - Technical Manuals
 - Software Support
 - Service Training
 - Technical Presentations
-

MANAGEMENT ASSISTANCE PROGRAMS

- Financial Programs
 - Store Layout & Design
 - Product Selection
 - Mix Planning
 - Goal Setting
- 
-

MERCHANDISING SUPPORT

- Coordination of Co-op Funds
 - Coordination of Advertising Materials
 - Lay Out Assistance
 - Utilization of Purchase Displays
 - Demo Station Design
 - Store Retailing
 - Sales Promotion Planning
-

AMIGA SERVICE PROGRAM

- Complete testing and troubleshooting manual
 - Service advisors on hotline (to dealers)
 - Complete parts program
 - Board level exchange program
 - Arrangement with RCA National Service Organization
-

SALES SUPPORT AND TRAINING

Sales of high end personal computers at the retail level require knowledge, technique, and salesmanship. The consumer looks for direction and reassurance when approaching a salesperson. He or she must be able to field all questions regardless of their complexity or risks losing a potential sale. Of equal importance is support and servicing after the purchase has been made. Proper training and support must be afforded to sales personnel at the retail level.

Sales and product training will be a function of the Field Sales Network. The sales representatives, trained by Commodore, are qualified product trainers. They will demonstrate the features, functions and sales points of the products to the dealer and provide him with a clear understanding of its operation. This is an ongoing program to continually update dealers on new innovations and train new personnel. In addition, in store product specifications and product comparison charts are available for easy referencing. Techniques and merchandising ideas will be shared as well.

Commodore provides a full service program for its dealer network. The program includes training by Commodore personnel, parts and boards for product repair, and contacts at corporate headquarters for assistance. Dealers are expected to perform in warranty and out of warranty servicing with the full support of Commodore (see procedure in Section VII: Sales Policy).

Commodore operates a customer Support Department to assist consumers in fulfilling any needs they may have. A toll free number allows accessibility from anywhere in the Continental United States. Potential customers will be referred to the dealers in their area for product demonstration and hands on operation.

To help drive sales of products Commodore will use a direct mail campaign. Advertisements, literature, and newsletters will be sent to selected markets throughout the country. Consumers will be encouraged to contact authorized dealers for further information. The dealer network will be informed when new speciality market mailings are sent. Dealer specials in conjunction with these mailings should further stimulate sales.

ANNUAL SALES POLICY

- Terms of Payment
 - Freight
 - Minimum Order
 - Advertising Accrual
 - Stock Balancing—Software
 - Price Protection
 - Returns
 - Merchandising Materials
 - Warranty
-

ANNUAL SALES POLICY

TERMS OF PAYMENT

Terms are net 30 based on date of shipment.

FREIGHT

All orders are shipped FOB Commodore Warehouse—Prepaid

MINIMUM ORDER

All orders must meet a minimum of \$2,500.00.

ADVERTISING ACCRUAL

Advertising funds are accrued at a rate of 5 percent of net purchases.

All claims against the accrual must include proof of performance. Claims are to be sent to Commodore headquarters to the attention of the Co-op Advertising Department.

Advertising deductions from payables are not accepted. Funds that are dormant for more than six months will be deleted from the accrual.

The sales representatives will receive a monthly status of dealer accruals.

STOCK BALANCING ON SOFTWARE

A. Up to 10% of purchases for the previous six months can be returned, with a proper return authorization and when accompanied by a purchase order for Commodore software titles.

B. On initial orders for new software titles CBM will accept, for exchange, any request to return the titles for a period of 120 days from date of shipment. Placement of a re-order, as well as the 120 day time limit, will void the request.

An offsetting purchase order must accompany the written request for a return authorization.

PRICE PROTECTION

In the event that CBM lowers its prices, price protection will be offered on product purchased within the previous sixty days from the date of the price reduction.

Credit will be in the form of free goods of any cost reduced product.

ANNUAL SALES POLICY

CONTINUED...

RETURNS

All requests for the return of goods must be in written form and sent to your sales administrator at Commodore headquarters. Upon receipt of a return authorization number, send the defective product to Commodore with all boxes clearly marked with the Return Authorization number.

In the event that a product is received D.O.A. and is not repairable, a request for return authorization must be submitted within 30 days of invoice date. A replacement product will be issued.

IN STORE MERCHANDISING MATERIALS

CBM will make available specific point of sale materials. These materials may be obtained through the sales representatives.

WARRANTY

Ninety (90) days parts and labor.

SPECIAL INTRODUCTORY OFFER THE FIRST SIX MONTHS

- Floor Planning
- Commodore Credit Card
- Advertising Accrual
- Price Protection

CSM

SPECIAL INTRODUCTORY OFFER THE FIRST SIX MONTHS

Acquiring a new product line exposes the dealer to an initial outlay of work and certain risks. Realizing this, Commodore has established a special introductory offer which is unparalleled in the marketplace. The term of this offer is six months.

FLOOR PLANNING

A 90 day floor planning program is offered.
Costs to be announced (standard program— not offered).

ADVERTISING ACCRUAL

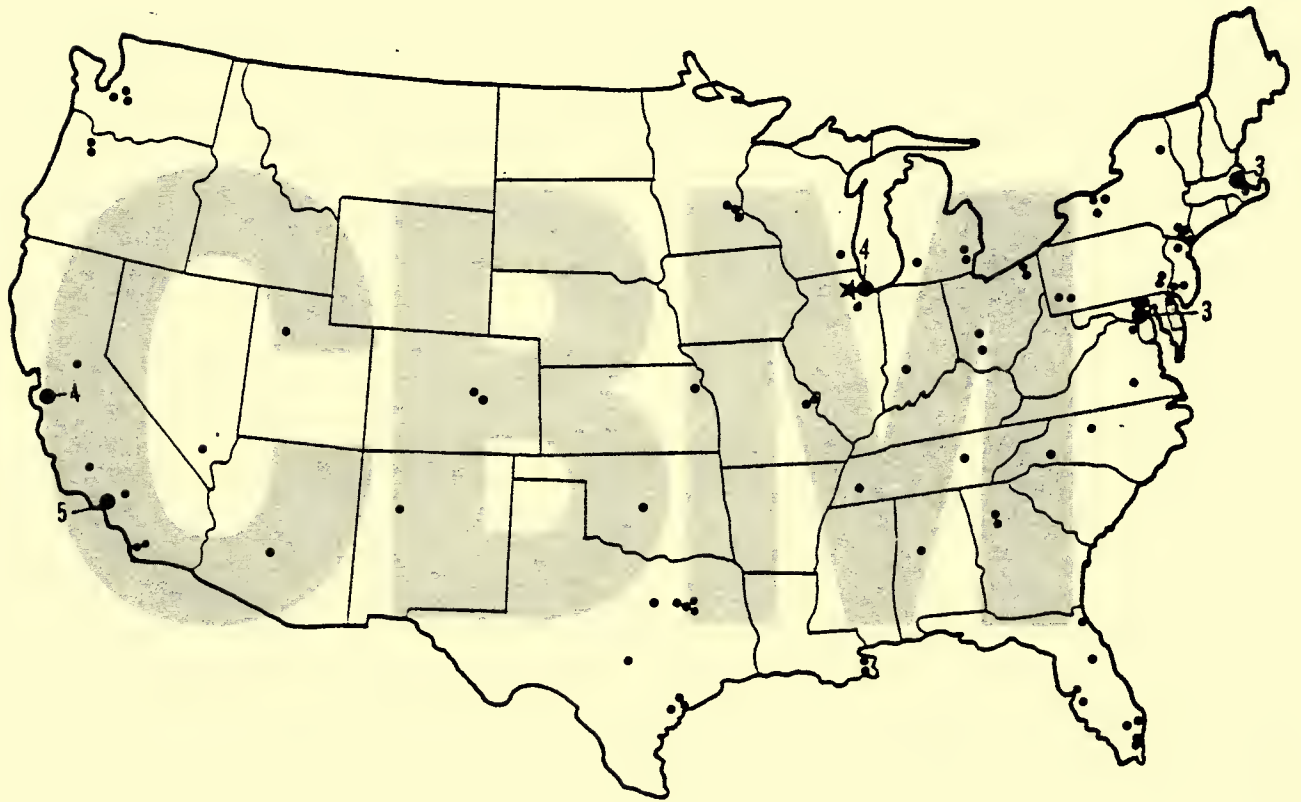
Advertising funds will be accrued at the normal rate of 5 percent of net purchases plus an additional 5 percent (standard program—5%).

PRICE PROTECTION

Price protection will be offered on product purchased within the previous 90 days from the date of the price reduction (standard program—60 days).

This special offer to dealers combined with the Commodore launch campaign create a clear cut reason to bring on the new CBM computer line.

SEARS BUSINESS SYSTEMS CENTER



Hawaii: 1

Total Locations: 100

★ Corporate Office: Chicago, Illinois

AMIGA IN THE REVIEWS

"The computer and its sophisticated graphics chips, the product of the Amiga Corporation, won attention and praise from analysts and competitors many times Amiga's size when the machine was first shown at a Chicago trade show in June. The Amiga computer has been heralded by some as a serious challenger to the popular Apple Macintosh or the International Business Machines Corporation's PCjr."

"The reason for the furor over the Amiga computer, analysts say, is a graphics capability—including full-color display, cartoon-like animation and fairly high speed—that some say is more advanced than the Macintosh, which has no color capability. Graphics have become a critical selling point because they expand the range of applications and users. A better graphics display may entice engineers, advertising designers or architects, for example, and is a proven drawing card in attracting home computer users."

"'I've been wanting to do this machine for six years,' said Jay Miner, the 52-year-old co-founder of Amiga and former Atari engineer who headed the design team on the computer. 'I've always wanted to do a machine with the graphics of a good flight simulator,' Mr. Miner said. 'Its ability to do high-speed animation still excites me the most. It opens up all sorts of educational opportunities.'"

"'What I have seen of the machine leads me to think it is exciting enough that the entire industry is going to have to take notice,' said Barbara Isgur, an analyst with Paine Webber."

"'It's just exceptional,' said Tim P. Barajin, an analyst with Creative Strategies International, based in San Jose. 'It's a Mac with color graphics built in.'"

The New York Times
August 29, 1984

"'Amiga obviously has tremendous technology. The price tag sounds very fair,' said Joseph B. Miller, who last February left Atari, which was then a unit of Warner Communications Inc., to become software vice president at Koala Technologies Corp. He has seen the Amiga product, which has been praised for its color-graphics capabilities."

Wall Street Journal
December 7, 1984

"It can display 80 columns of text that can be read across the room—yet it uses a normal television screen. A whirling, bouncing ball on the screen casts a realistic shadow. It can display 4,096 colors."

Scott Mace
Infoworld
July 9, 1984

"David Seuss, president of Spinnaker Software, has high praise for the Amiga: 'It is the machine the home market has been waiting for. It's a computer without flaws.'"

"Furthermore, their [Amiga's] dream of building a high-powered computer for the regular Joe is about to come true. Concedes [Jay] Miner: 'Even if we [Amiga] had gotten the venture capital, it probably wouldn't have been enough to do it right. Commodore has the resources to do it right.'"

AMIGA IN THE REVIEWS (continued)

"'Because Amiga was acquired by Commodore, they'll be able to manufacture in volume so the price will stay low. I'm committed to making us the No. 1 software supplier for the Amiga machine by Christmas,' declares Trip Hawkins, president of Electronics Arts, a software publishing company."

Venture
April, 1985

"The Lorraine's graphics are a whole step ahead of any personal computer now on the market. This computer is potentially powerful enough to make an IBM-PC look like a four-function calculator."

Selby Bateman
Compute!
August, 1984

"Behind it all is Amiga's new personal computer, which [David] Morse said will generate high-resolution 32-color graphics and animation on a standard color TV set. It 'can create graphics and animation that would equal the Saturday morning cartoons,' he said. 'Most (home) computers now have what we call Lego-type graphics, which are very blocky.'"

"The machine 'is nothing short of mind-boggling' and can do the most sophisticated high-resolution, almost-animation-quality motion graphics you've ever seen,' said Douglas Cayne, an analyst from the Gartner Group, a Stamford, Conn., computer-industry market research firm."

Minneapolis Star and Tribune
October 18, 1984

"Commodore International Ltd. announced plans yesterday to acquire Santa Clara-based Amiga Computer Inc., a two-year-old company whose new computer could 'knock the socks off' the competition."

"'Whatever price they paid, it was a bargain,' said one computer equipment maker."

"Market analysts said Amiga's sole product, a 32-bit microcomputer with top quality color graphics, could outperform and outsell Apple Computer's MacIntosh model."

"'Commodore really pulled off a coup,' said Tim Bjarin, an analyst with Creative Strategies, Inc., a San Jose market research firm. 'They now have a MacIntosh-type product with superior color graphics at a phenomenal price.'"

"Another analyst, who asked not to be identified, said the Amiga computer could 'knock the socks off' Apple's MacIntosh."

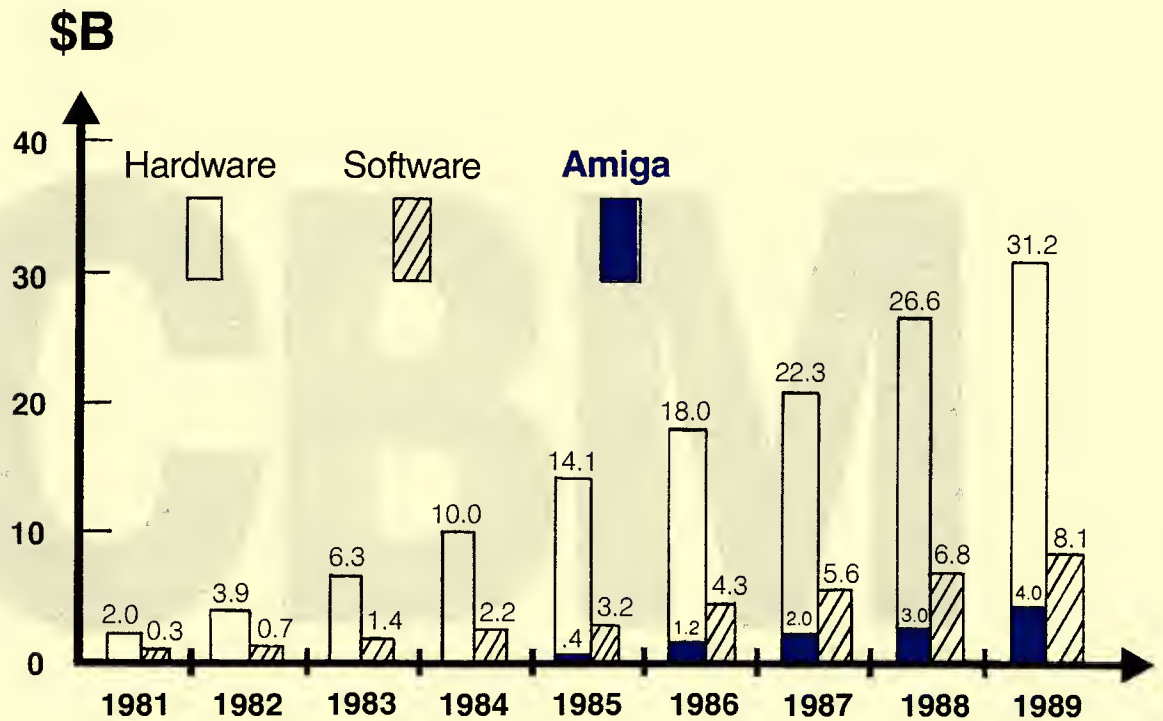
San Francisco Examiner
August 16, 1984

"There was no hint of the machine anywhere in evidence at the Amiga booth. But, with an invitation to step behind the secret panel, my jaw finally got a chance to drop. As far as I'm concerned, the Lorraine demo was reason enough to have made the trip to Las Vegas."

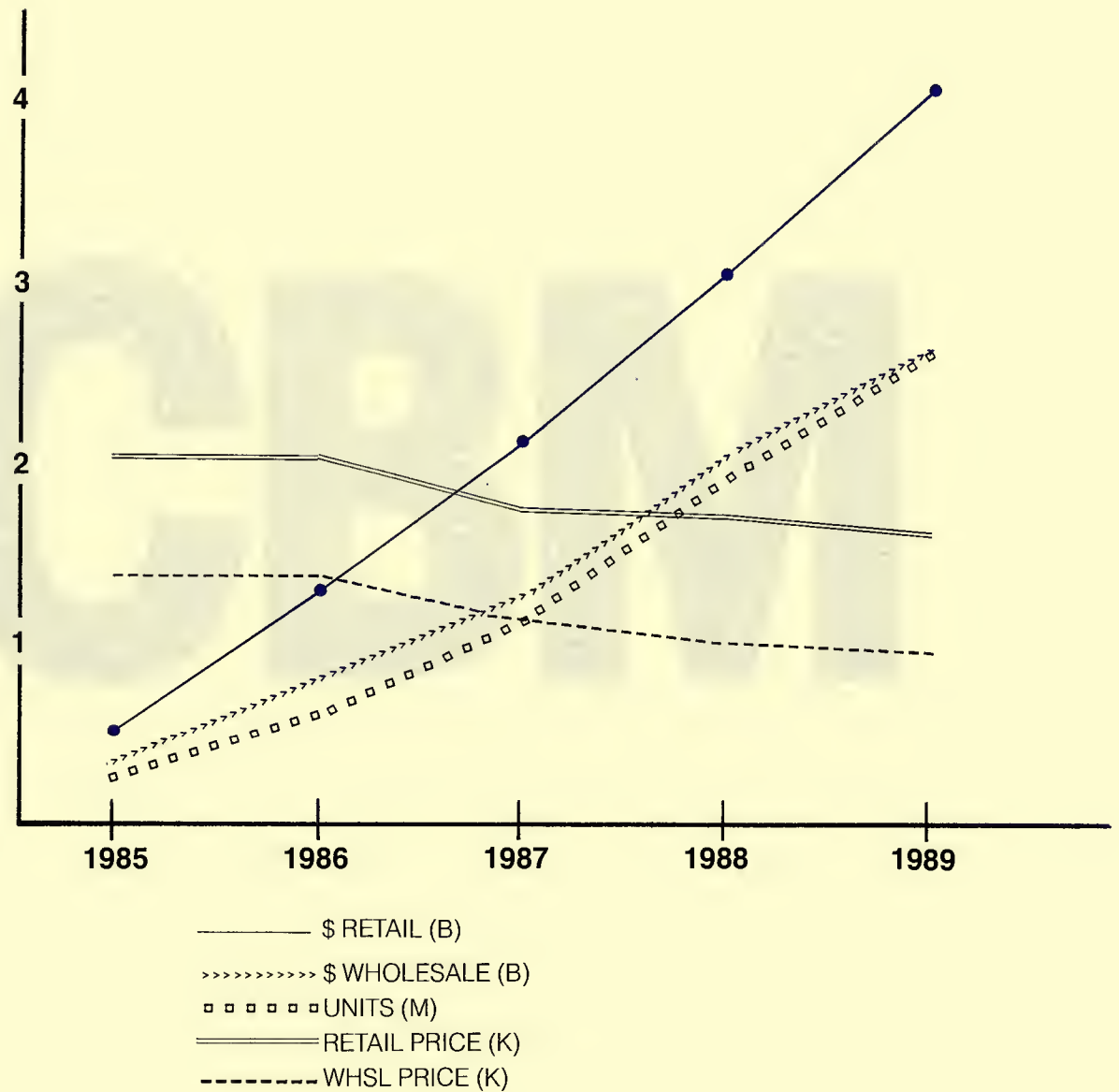
John J. Anderson
Creative Computing
April, 1984

OFFICE PERSONAL COMPUTER HARDWARE AND SOFTWARE MARKET

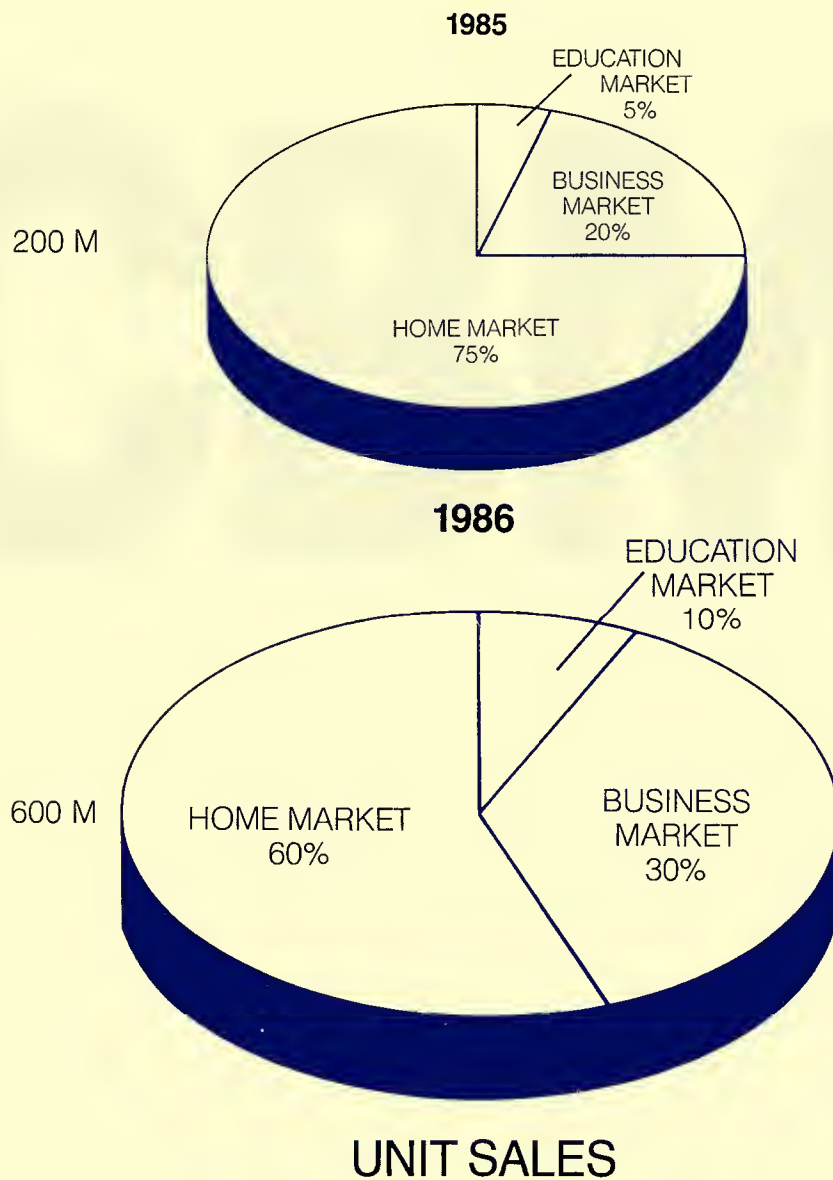
(U.S. End-User Value)



AMIGA SALES PROJECTIONS



AMIGA MARKET

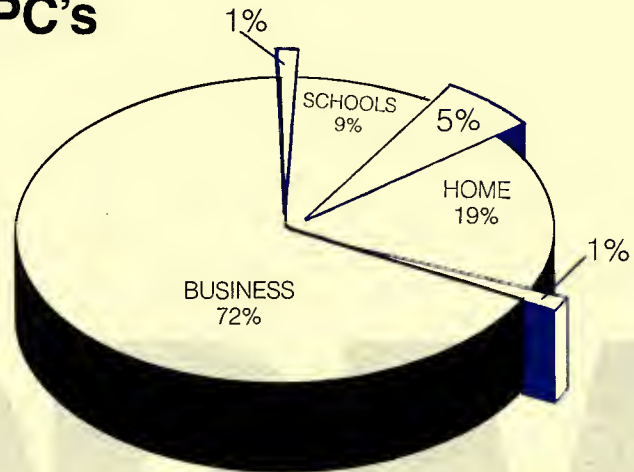


AMIGA MARKET SHARE

OFFICE PC's

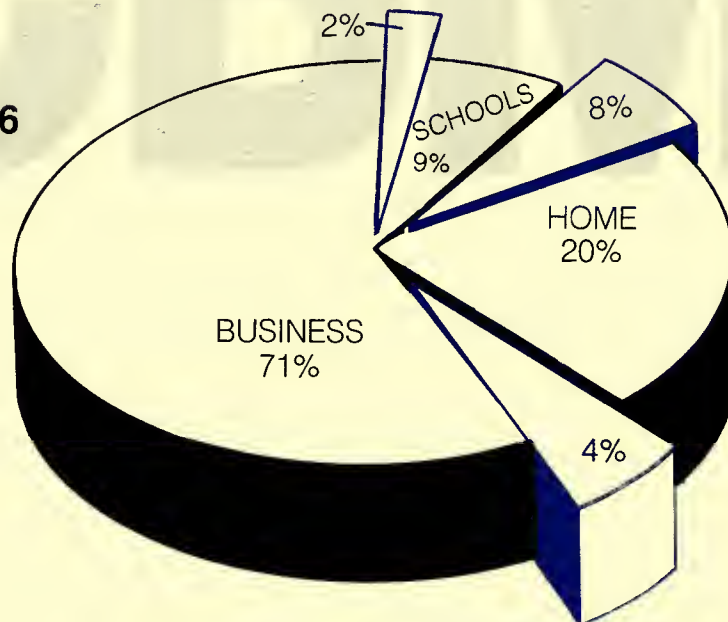
1985

3.6 M



1986

4.5 M



UNIT SALES

AMIGA SHARE

TARGET MARKET ANALYSIS

	MARKETS	CHANNELS	PRODUCTS
IBM	<ul style="list-style-type: none">• BUSINESS• Home	<ul style="list-style-type: none">• Fortune 1000 (Direct)• National Chains• Value Added Retailers	PC, PCjr., XT, AT
APPLE	<ul style="list-style-type: none">• EDUCATION• Business• Home	<ul style="list-style-type: none">• Fortune 2000• National Chains• Independents	Macintosh, Ile, Ilc
CBM	<ul style="list-style-type: none">• HIGH-END HOME• HIGHER EDUCATION• SMALL BUSINESS• GRAPHICS USERS	<ul style="list-style-type: none">• NATIONAL CHAINS• LOCAL CHAINS	AMIGA

PRODUCT/PRICE COMPARISON

	AMIGA	vs.	IBM PC
DISPLAY	R6B Hi-Res Color Display Standard 4,096 Colors		IBM Color Monitor — \$679.99 IBM Color Card — \$229.99 16 Colors
MEMORY	256K RAM Standard 128K ROM Standard		128K RAM Standard Additional 128K RAM — \$140.00 40K ROM Standard
SPEED	8 MHz Standard		4.77 MHz Standard
EXPANDABILITY	Expandable to 640K No Additional Boards		Expandable to 640K Must Add Two Boards
DISK DRIVE	One Drive Standard (800KB)		One Drive Standard (360KB)
PORTS	Both Parallel and Serial Standard		Serial — \$100.00
OPERATING SYSTEM	Included (Proprietary)		PC-DOS — \$65.00
DATA BUS	16 Bit Standard		8 Bit Standard
INTERNAL BUS	32 Bit Standard		16 Bit Standard
SPEECH SYNTHESIS	Standard		Not Included
AUDIO	Stereo		Mono
PRICE	\$1,890.00 Suggested Retail		\$3,035.00 Suggested Retail

PRODUCT COMPARISON CHART (STANDARD CONFIGURATION*)

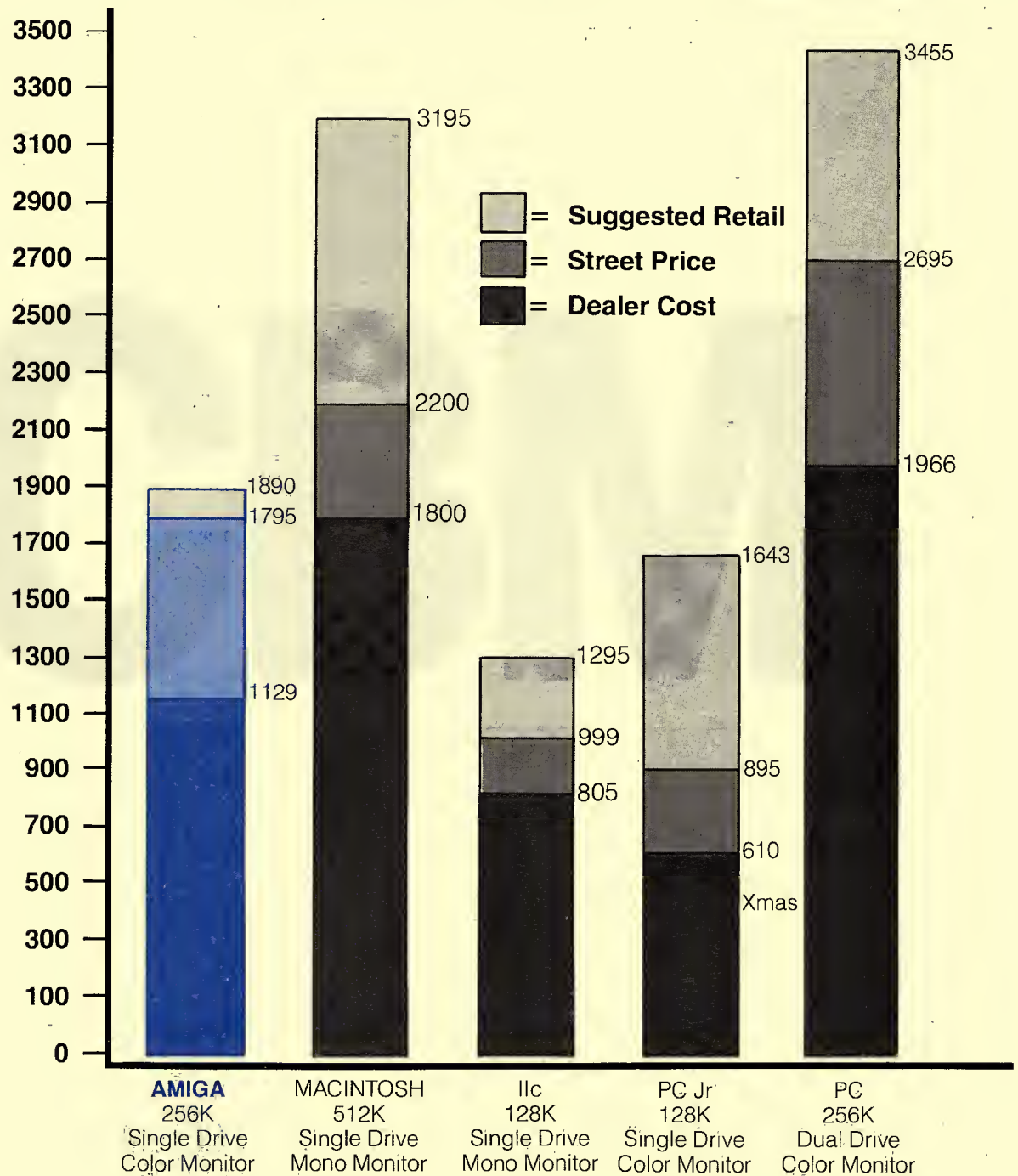
FEATURES	AMIGA	IBM PC	IBM XT	MACINTOSH IIe	AT&T 6300	COMPAQ PLUS	
SYSTEM UNIT:							
Base RAM	256K	128K	256K	128K	64K	512K	128K
Expandable RAM	512K	640K	640K	512K	128K	640K	640K
Total ROM	128K	40K	40K	64K	16K		
Processor	M68000	I8088	I8088	M68000	6502	I8086	I8088
Max Clock Speed	8 MHz	4.77 MHz	4.77 MHz	8 MHz	1.02 MHz	8 MHz	4.77 MHz
Data Bus	16 bit	8 bit	8 bit	16 bit	8 bit	16 bit	8 bit
Internal Bus	32 bit	16 bit	16 bit	32 bit	8 bit	16 bit	16 bit
KEYBOARD:							
Total Keys	86	83	83	58	63	83	83
Numeric Key Pad	YES	YES	YES	NO	NO	YES	YES
Cursor Keys	YES	YES	YES	NO	NO	YES	YES
Prog. Function Keys	10	10	10	0	2	10	10
GRAPHICS:							
Text Display	80 x 25	80 x 25	80 x 25	80 x 24	80 x 24	80 x 25	80 x 25
Resolution (max.)	640 x 400	640 x 200	640 x 350	512 x 384	280 x 192	640 x 400	640 x 200
Colors	4096	16	16	B & W	16	8	16
Sprites (numbers)	YES (8)	NO	NO	NO	NO	NO	NO
Sprites Reusable	YES	NO	NO	NO	NO	NO	NO
SOUND:							
Voices	4 hrdw 16 s/w	1	1	4	1	1	1
Waveform	Complex/ Programmable	Square	Square	Complex	Complex	Square	Square
Voice Synthesis	Included	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.

*SOURCE: Datapro Research Corp.

PRODUCT COMPARISON CHART (STANDARD CONFIGURATION*) continued

FEATURES	AMIGA	IBM PC	IBM XT	MACINTOSH	Ile	AT&T 6300	COMPAQ PLUS	H.P.
INPUT/OUTPUT:								
RS232 Serial Port	Incl.	Not Incl.	Not Incl.	Incl.	Not Incl.	Incl.	Not Incl.	
Centronics Parallel Port	Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Incl.	Incl.	
RGB	Incl.	Not Incl.	Not Incl.	N/A	Not Incl.	Not Incl.	Incl.	
Joystick Port	2 Incl.	Not Incl.	Not Incl.	N/A	1 Incl.	Not Incl.	Not Incl.	
Mouse Port	Incl.	Not Incl.	Not Incl.	Incl.	Not Incl.	Incl.	Not Incl.	
TV/RF Modulator	Incl.	Not Incl.	Not Incl.	N/A	Not Incl.	Not Incl.	Not Incl.	
Composite Video (Monitor)	Incl.	Not Incl.	Not Incl.	Incl.	Incl.	Not Incl.	Incl.	
Stereo Speaker Jacks	Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	
Expansion Bus	Incl.	Incl.	Incl.	Not Incl.	Incl.	Incl.	Incl.	
MASS STORAGE:								
Disk Included	YES	YES	YES	YES	YES	YES	YES	
Capacity per Disk (Formatted)	800 KB	360 KB	360 KB	360 KB	140 KB	360 KB	360 KB	
OPERATING SYSTEMS:								
	AMIGA-DOS	PC-DOS	PC-DOS	APPLE-DOS	APPLE-DOS	MS-DOS	MS-DOS	

PRICE COMPARISON ANALYSIS



AVERAGE GROSS PROFIT MARGIN AND DISCOUNT ANALYSIS

Product	Street Margin	Retail Margin	Street Price Discount
AMIGA	37%	40%	5%
MACINTOSH	19%	44%	32%
IIc	20%	38%	23%
PCJr	32%	63%	46%
IBM PC	28%	44%	22%

Calculations may deviate due to market fluctuations

PROGRAM COMPARISONS

	Discount Structure Min./Max.	Terms of Payment	Special Terms	Advertising Funds	Credit Card Program
APPLE:					
Lisa	31%/35%*	Cash	Net 30 Flooring (60 days)	3% accrual	Yes
MacIntosh	34%				
IBM:					
PC	28%/40%*	Net 30	N/A	N/A	Yes
XT	28%/40%*				
PCjr	28%/40%*				
AT	28%/40%*				
Portable	28%/40%*				
COMPAQ:					
Compaq	35%/45%*	Net 30	Flooring (60 days)	N/A	N/A
Compaq Plus	35%/45%*				
AT&T:					
PC 6300					
AMIGA	40%	Net 30	Flooring (90 days)	5% accrual (additional 5% during intro. special)	Yes

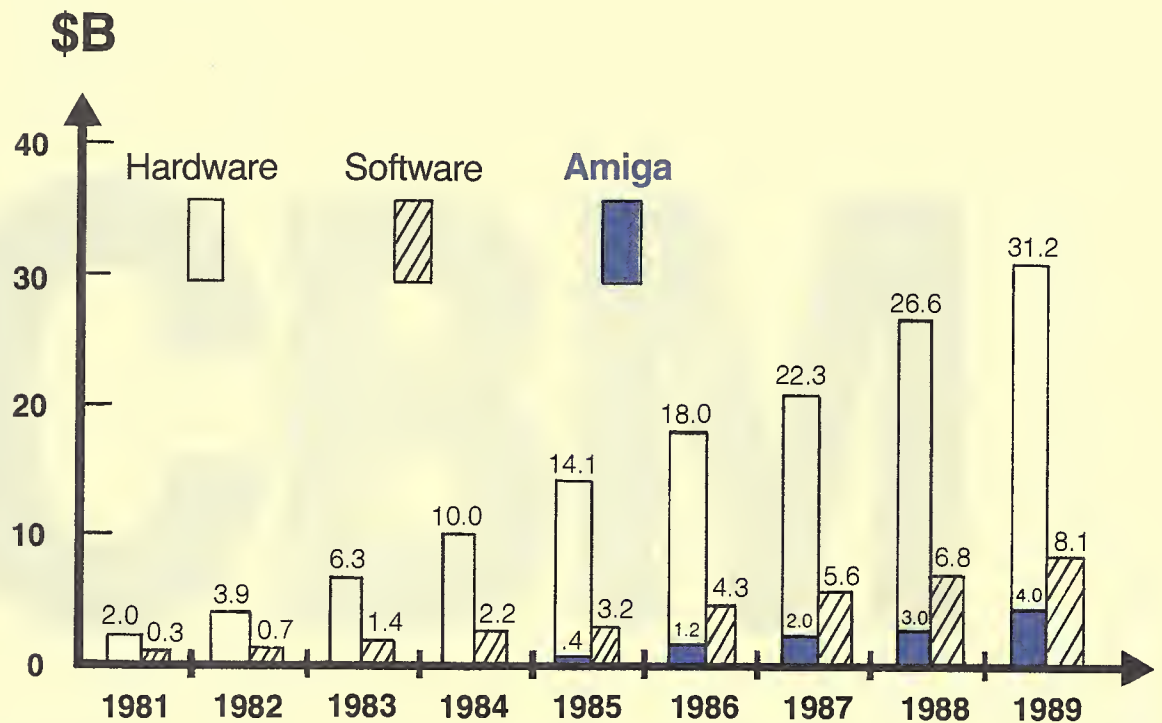
*Based on volume purchases.

PROFIT MARGIN ANAYLSIS FULL PROGRAM

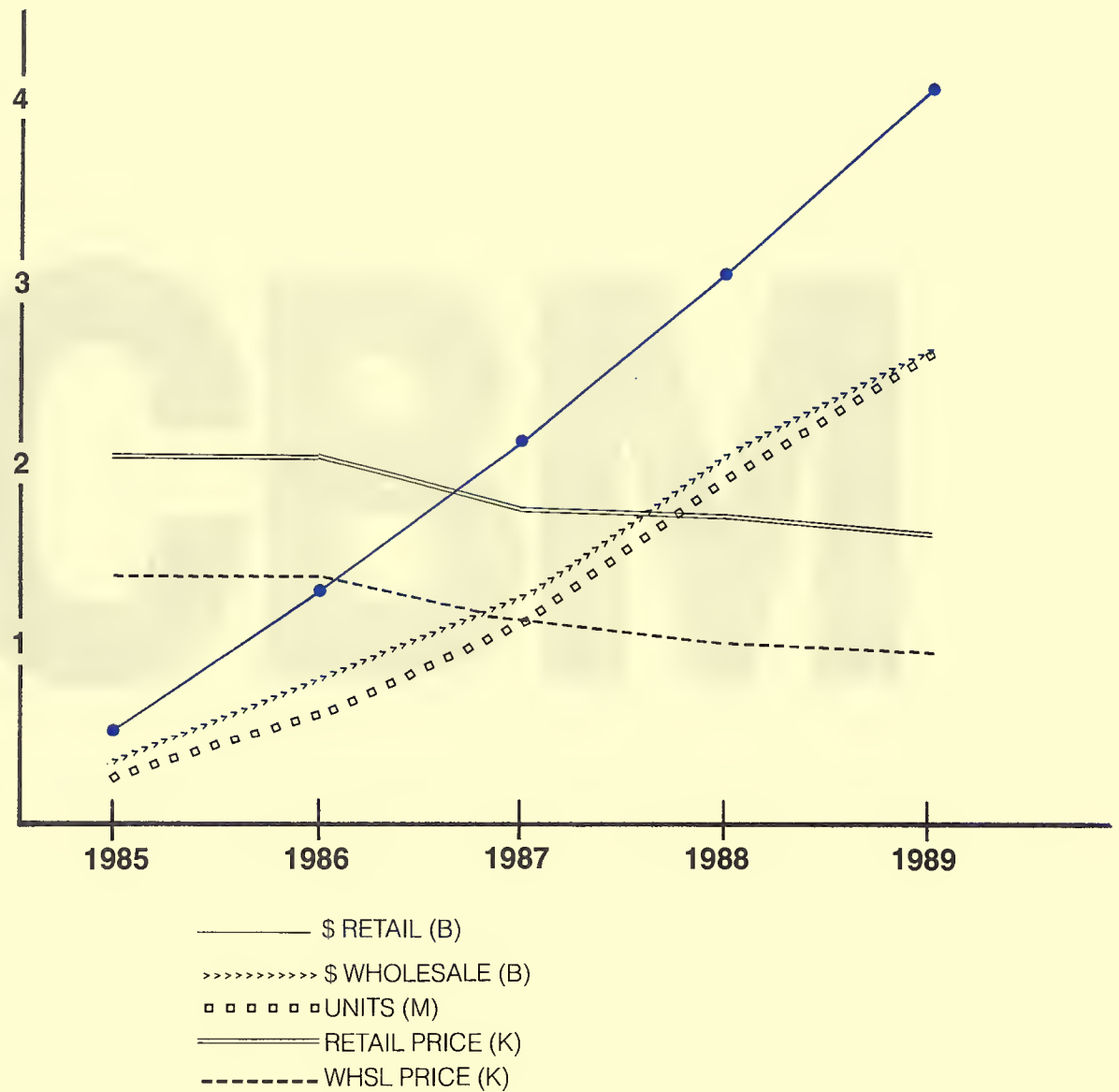
	AMIGA	LISA	MACINTOSH	IBM	COMPAQ
Retail Price	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Less Discount	<u>— 40.00 (40%)</u>	<u>— 35.00 (35%)</u>	<u>— 34.00 (34%)</u>	<u>— 40.00 (40%)</u>	<u>— 45.00 (45%)</u>
	\$ 60.00	\$ 65.00	\$ 66.00	\$ 60.00	\$ 55.00
Less Co-op Adv.	<u>— 3.00 (5%)</u>	<u>— 1.95</u>	<u>— 1.98</u>	<u>— 0.00</u>	<u>— 0.00</u>
	\$ 57.00	\$ 63.05	\$ 64.02	\$ 60.00	\$ 55.00
Margin	43%	36.95%	35.98%	40%	45%
Less Extra Co-op	<u>— 2.85 (5%)</u>	<u>— 0.00</u>	<u>— 0.00</u>	<u>— 0.00</u>	<u>— 0.00</u>
	\$ 54.15	\$ 63.05	\$ 64.02	\$ 60.00	\$ 55.00
Margin (Intro.)	45.85%	36.95%	35.98%	40%	45%

OFFICE PERSONAL COMPUTER HARDWARE AND SOFTWARE MARKET

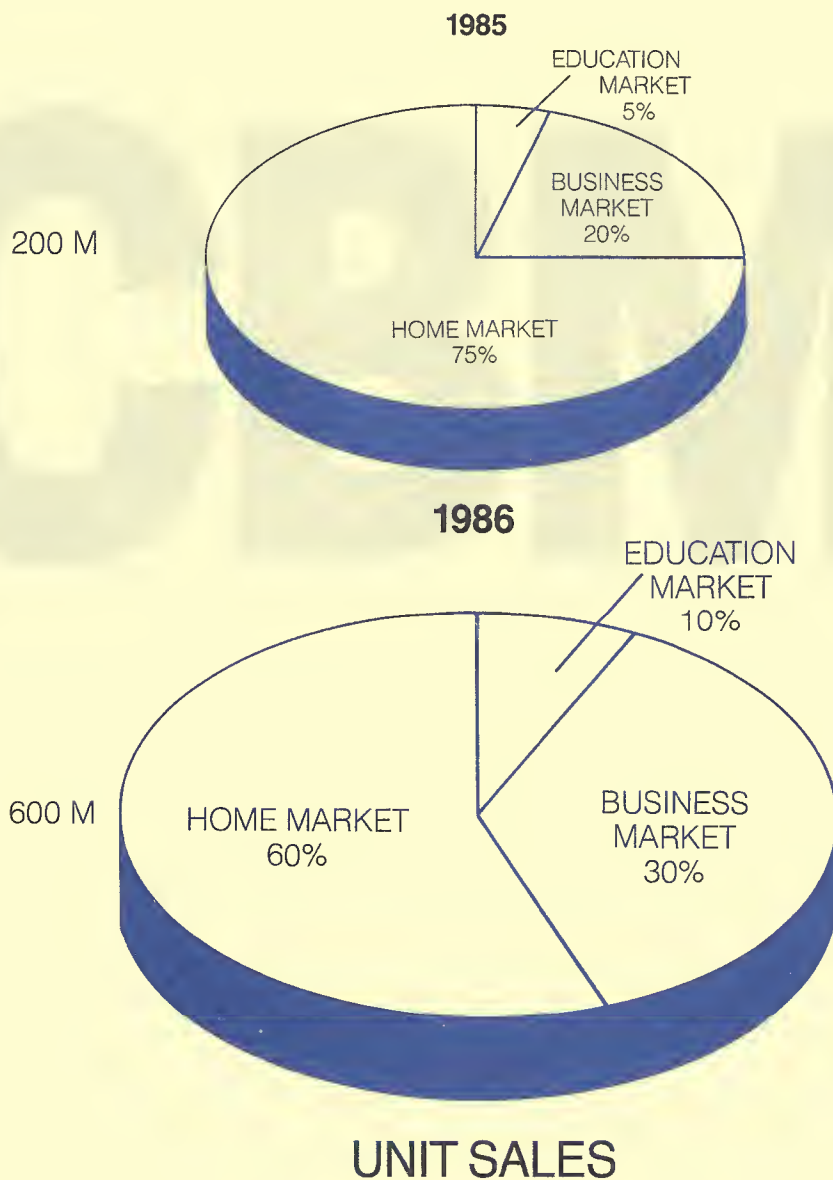
(U.S. End-User Value)



AMIGA SALES PROJECTIONS



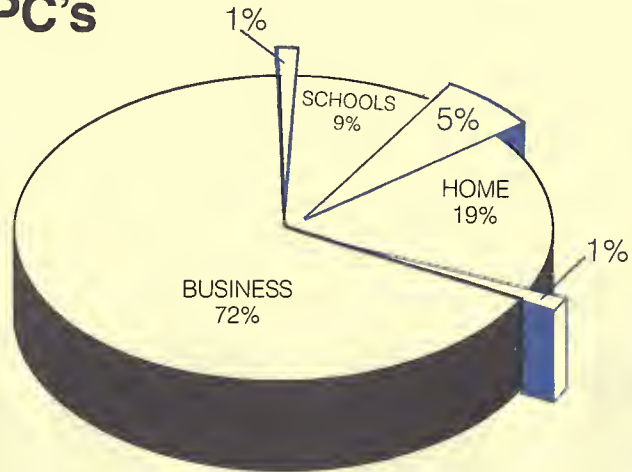
AMIGA MARKET



AMIGA MARKET SHARE

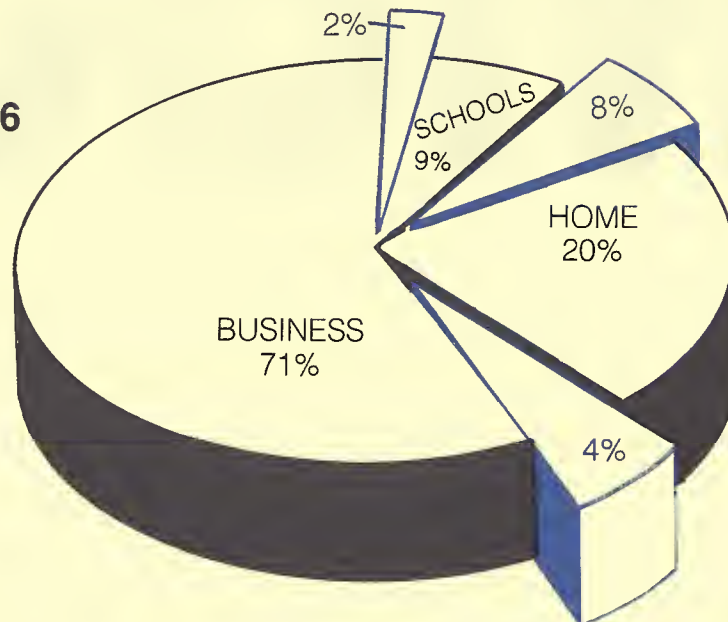
OFFICE PC's 1985

3.6 M



1986

4.5 M



UNIT SALES

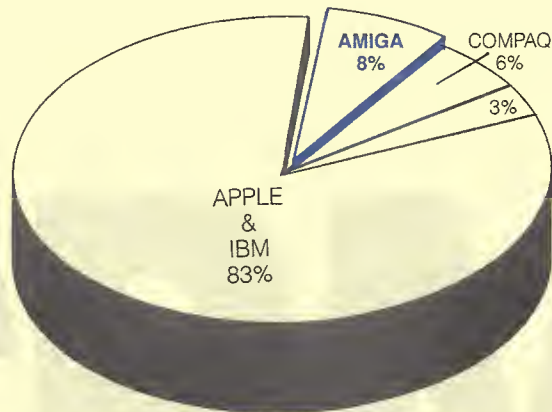
AMIGA SHARE

AMIGA MARKET SHARE

OFFICE PC's — FLOPPY DISK ONLY

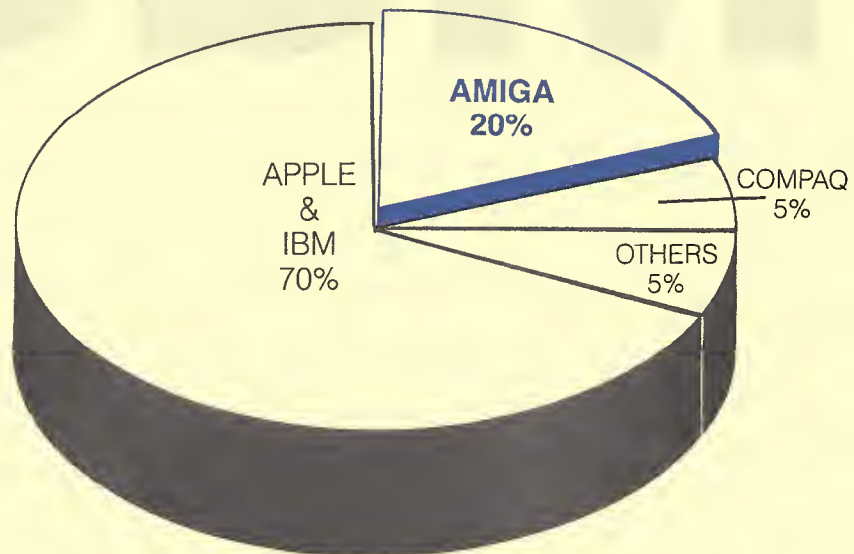
1985

2.6 M



1986

3.1 M

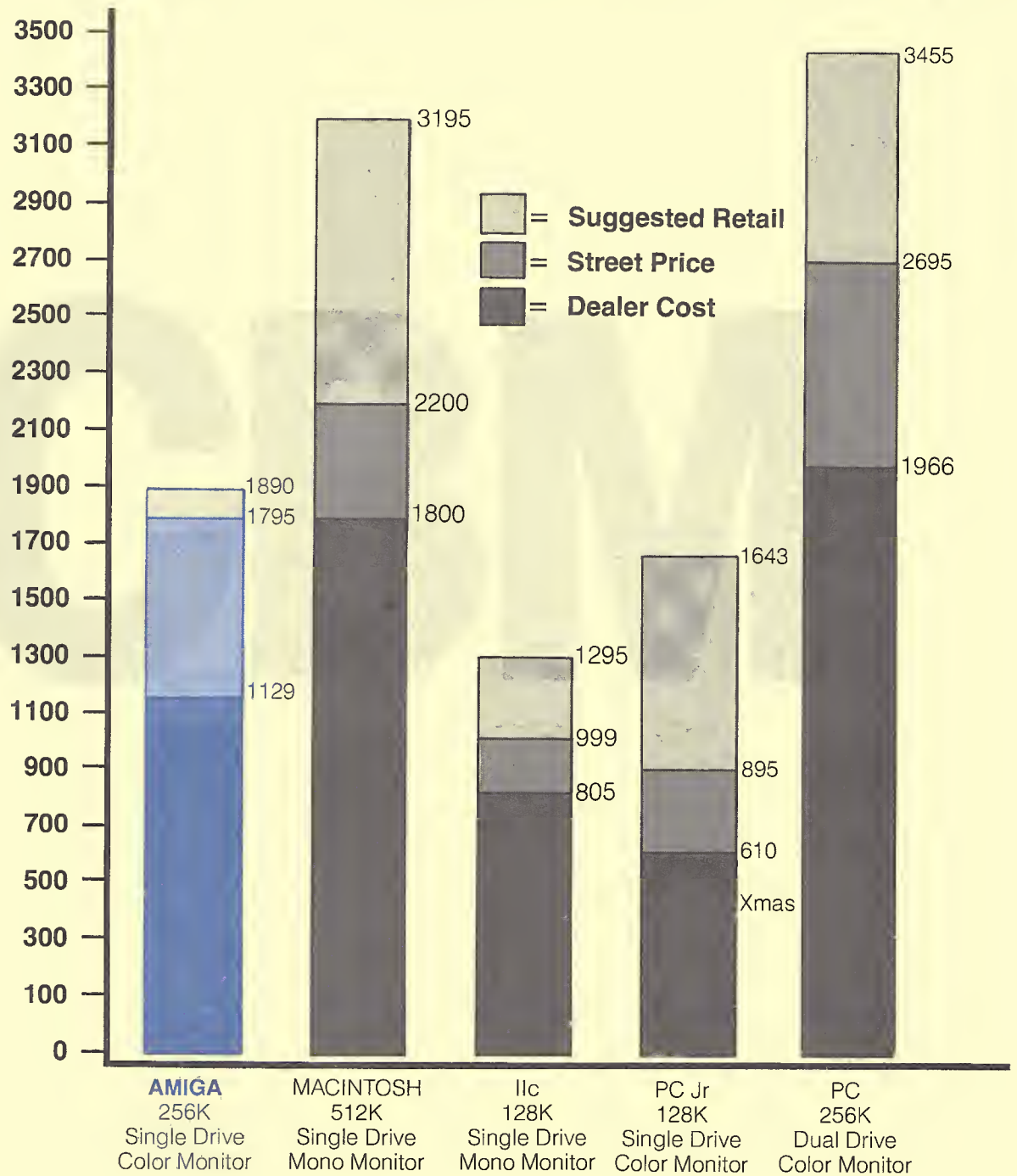


UNIT SALES

TARGET MARKET ANALYSIS

	MARKETS	CHANNELS	PRODUCTS
IBM	<ul style="list-style-type: none">• BUSINESS• Home	<ul style="list-style-type: none">• Fortune 1000 (Direct)• National Chains• Value Added Retailers	PC, PCjr., XT, AT
APPLE	<ul style="list-style-type: none">• EDUCATION• Business• Home	<ul style="list-style-type: none">• Fortune 2000• National Chains• Independents	Macintosh, Ile, Ilc
CBM	<ul style="list-style-type: none">• HIGH-END HOME• HIGHER EDUCATION• SMALL BUSINESS• GRAPHICS USERS	<ul style="list-style-type: none">• NATIONAL CHAINS• LOCAL CHAINS	AMIGA

PRICE COMPARISON ANALYSIS



PRODUCT/PRICE COMPARISON

	AMIGA	vs.	IBM PC
DISPLAY	R6B Hi-Res Color Display Standard 4,096 Colors		IBM Color Monitor — \$679.99 IBM Color Card — \$229.99 16 Colors
MEMORY	256K RAM Standard 128K ROM Standard		128K RAM Standard Additional 128K RAM — \$140.00 40K ROM Standard
SPEED	8 MHz Standard		4.77 MHz Standard
EXPANDABILITY	Expandable to 640K No Additional Boards		Expandable to 640K Must Add Two Boards
DISK DRIVE	One Drive Standard (800KB)		One Drive Standard (360KB)
PORTS	Both Parallel and Serial Standard		Serial — \$100.00
OPERATING SYSTEM	Included (Proprietary)		PC-DOS — \$65.00
DATA BUS	16 Bit Standard		8 Bit Standard
INTERNAL BUS	32 Bit Standard		16 Bit Standard
SPEECH SYNTHESIS	Standard		Not Included
AUDIO	Stereo		Mono
PRICE	\$1,890.00 Suggested Retail		\$3,035.00 Suggested Retail

PRODUCT COMPARISON CHART (STANDARD CONFIGURATION*)

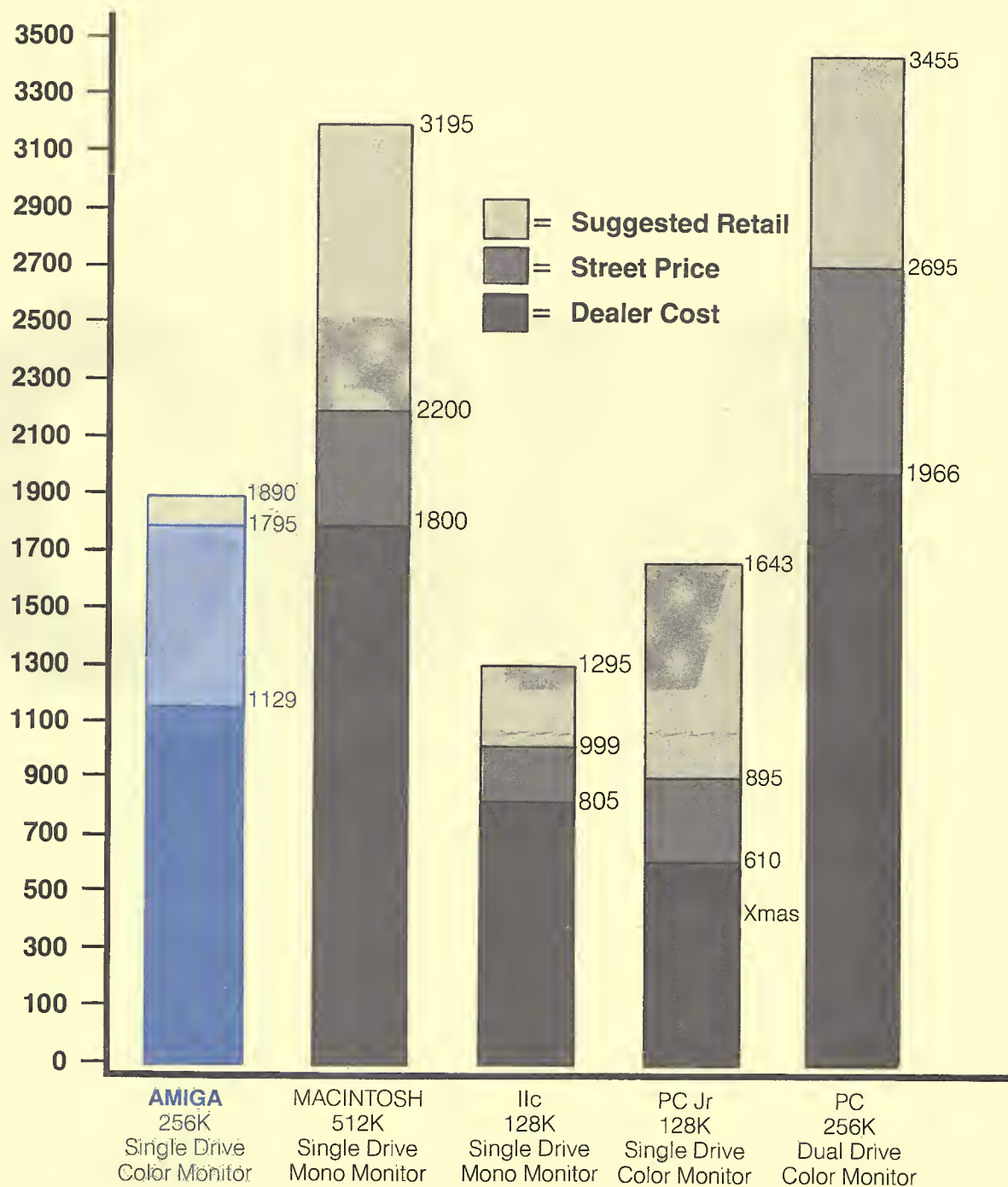
FEATURES	AMIGA	IBM PC	IBM XT	MACINTOSH	Ile	AT&T 6300	COMPAQ PLUS
SYSTEM UNIT:							
Base RAM	256K	128K	256K	128K	64K	512K	128K
Expandable RAM	512K	640K	640K	512K	128K	640K	640K
Total ROM	128K	40K	40K	64K	16K		
Processor	M68000	I8088	I8088	M68000	6502	I8086	I8088
Max Clock Speed	8 MHz	4.77 MHz	4.77 MHz	8 MHz	1.02 MHz	8 MHz	4.77 MHz
Data Bus	16 bit	8 bit	8 bit	16 bit	8 bit	16 bit	8 bit
Internal Bus	32 bit	16 bit	16 bit	32 bit	8 bit	16 bit	16 bit
KEYBOARD:							
Total Keys	86	83	83	58	63	83	83
Numeric Key Pad	YES	YES	YES	NO	NO	YES	YES
Cursor Keys	YES	YES	YES	NO	NO	YES	YES
Prog. Function Keys	10	10	10	0	2	10	10
GRAPHICS:							
Text Display	80 x 25	80 x 25	80 x 25	80 x 24	80 x 24	80 x 25	80 x 25
Resolution (max.)	640 x 400	640 x 200	640 x 350	512 x 384	280 x 192	640 x 400	640 x 200
Colors	4096	16	16	B & W	16	8	16
Sprites (numbers)	YES (8)	NO	NO	NO	NO	NO	NO
Sprites Reusable	YES	NO	NO	NO	NO	NO	NO
SOUND:							
Voices	4 hrdw 16 s/w	1	1	4	1	1	1
Waveform	Complex/ Programmable	Square	Square	Complex	Complex	Square	Square
Voice Synthesis	Included	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.

*SOURCE: Datapro Research Corp.

PRODUCT COMPARISON CHART (STANDARD CONFIGURATION*) continued

FEATURES	AMIGA	IBM PC	IBM XT	MACINTOSH IIe	AT&T 6300	COMPAQ PLUS	H.P.
INPUT/OUTPUT:							
RS232 Serial Port	Incl.	Not Incl.	Not Incl.	Incl.	Not Incl.	Incl.	Not Incl.
Centronics Parallel Port	Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Incl.	Incl.
RGB	Incl.	Not Incl.	Not Incl.	N/A	Not Incl.	Not Incl.	Incl.
Joystick Port	2 Incl.	Not Incl.	Not Incl.	N/A	1 Incl.	Not Incl.	Not Incl.
Mouse Port	Incl.	Not Incl.	Not Incl.	Incl.	Not Incl.	Incl.	Not Incl.
TV/RF Modulator	Incl.	Not Incl.	Not Incl.	N/A	Not Incl.	Not Incl.	Not Incl.
Composite Video (Monitor)	Incl.	Not Incl.	Not Incl.	Incl.	Incl.	Not Incl.	Incl.
Stereo Speaker Jacks	Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.	Not Incl.
Expansion Bus	Incl.	Incl.	Incl.	Not Incl.	Incl.	Incl.	Incl.
MASS STORAGE:							
Disk Included	YES	YES	YES	YES	YES	YES	YES
Capacity per Disk (Formatted)	800 KB	360 KB	360 KB	360 KB	140 KB	360 KB	360 KB
OPERATING SYSTEMS:							
	AMIGA-DOS	PC-DOS	PC-DOS	APPLE-DOS	APPLE-DOS	MS-DOS	MS-DOS

PRICE COMPARISON ANALYSIS



AVERAGE GROSS PROFIT MARGIN AND DISCOUNT ANALYSIS

Product	Street Margin	Retail Margin	Street Price Discount
AMIGA	37%	40%	5%
MACINTOSH	19%	44%	32%
IIc	20%	38%	23%
PCJr	32%	63%	46%
IBM PC	28%	44%	22%

Calculations may deviate due to market fluctuations

PROGRAM COMPARISONS

	Discount Structure Min./Max.	Terms of Payment	Special Terms	Advertising Funds	Credit Card Program
APPLE:					
Lisa	31%/35%*	Cash	Net 30 Flooring (60 days)	3% accrual	Yes
MacIntosh	34%				
IBM:					
PC	28%/40%*	Net 30	N/A	N/A	Yes
XT	28%/40%*				
PCjr	28%/40%*				
AT	28%/40%*				
Portable	28%/40%*				
COMPAQ:					
Compaq	35%/45%*	Net 30	Flooring (60 days)	N/A	N/A
Compaq Plus	35%/45%*				
AT&T:					
PC 6300					
AMIGA	40%	Net 30	Flooring (90 days)	5% accrual (additional 5% during intro. special)	Yes

*Based on volume purchases.

PROFIT MARGIN ANAYLSIS FULL PROGRAM

	AMIGA	LISA	MACINTOSH	IBM	COMPAQ
Retail Price	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Less Discount	<u>— 40.00 (40%)</u>	<u>— 35.00 (35%)</u>	<u>— 34.00 (34%)</u>	<u>— 40.00 (40%)</u>	<u>— 45.00 (45%)</u>
	\$ 60.00	\$ 65.00	\$ 66.00	\$ 60.00	\$ 55.00
Less Co-op Adv.	<u>— 3.00 (5%)</u>	<u>— 1.95</u>	<u>— 1.98</u>	<u>— 0.00</u>	<u>— 0.00</u>
	\$ 57.00	\$ 63.05	\$ 64.02	\$ 60.00	\$ 55.00
Margin	43%	36.95%	35.98%	40%	45%
Less Extra Co-op	<u>— 2.85 (5%)</u>	<u>— 0.00</u>	<u>— 0.00</u>	<u>— 0.00</u>	<u>— 0.00</u>
	\$ 54.15	\$ 63.05	\$ 64.02	\$ 60.00	\$ 55.00
Margin (Intro.)	45.85%	36.95%	35.98%	40%	45%

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